

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID #16116
RESOLUTION E-4897
December 14, 2017

R E S O L U T I O N

Resolution E-4897. Approves, with adjustments, the requests of PG&E, SCE, SDG&E, and SoCalGas Efficiency Savings and Performance Incentive (ESPI) awards for program years 2015 and 2016.

PROPOSED OUTCOME:

- Approves \$21,203,200 in shareholder incentives for PG&E¹.
- Approves \$16,012,952 in shareholder incentives for SCE.
- Approves \$5,641,141 in shareholder incentives for SDG&E².
- Approves \$2,759,942 in shareholder incentives for SoCalGas³.

Table 1 shows the adjustments made to the requested ESPI incentives for program years 2015 and 2016. Table 2 shows the final payments in 2017.

SAFETY CONSIDERATIONS:

- This Resolution is not expected to have an impact on safety.

ESTIMATED COST:

- This Resolution approves total shareholder incentive payments with adjustments as detailed in Table 2.

By Advice Letters (AL) PG&E 3880-G/5136-E, SCE 3655-E, SDG&E 3109-E/2606-G, SoCalGas 5182, filed on September 1, 2017 and PG&E 3880-G-A/5136-E-A filed on September 28, 2017.

¹ ,², ³ PG&E, SDG&E, and SoCalGas's ESPI payments were further reduced to offset funds being returned to ratepayers as a result of their Risk/Reward Incentive Mechanism settlement agreements.

SUMMARY

This Resolution addresses Advice Letters submitted by PG&E, SCE, SDG&E, and SoCalGas, collectively referred to as the Investor Owned Utilities (IOUs), seeking approval of program year 2015 and partial 2016 ESPI awards in compliance with D.12-12-032, D.13-09-023 and Appendix 5 of D.15-10-028. This resolution modifies the IOUs' Advice Letters and approves the incentives, as detailed in Tables 1 and 2.

IOU	2015-2016 Incentive Requested ⁴	Adjustment	2015-2016 Incentives Approved
PG&E	\$24,760,070	(\$3,556,869)	\$21,203,200
SCE	\$24,818,921	(\$8,805,968)	\$16,012,952
SDG&E	\$6,450,465	(\$809,324)	\$5,641,141
SoCalGas	\$3,192,296	(\$432,354)	\$2,759,942

Table 1: ESPI Awards for 2015 and 2016

Component	PG&E	SCE	SDG&E	SoCalGas
2015 Ex-Post Savings	\$8,285,266	\$3,964,449	\$1,924,043	\$1,205,571
2016 Ex-Ante Savings	\$6,052,637	\$6,415,112	\$2,161,239	\$487,997
2016 Ex-Ante Review Performance	\$4,664,457	\$2,572,460	\$1,360,389	\$723,682
2016 Codes & Standards	\$1,739,465	\$411,956	\$62,109	\$91,293
2016 Non-Resource	\$706,988	\$615,207	\$179,406	\$287,878
2015 Savings True Up	(\$233,759)	\$200,006	(\$8,975)	(\$175,075)
2015 EAR Performance True Up	(\$11,854)	\$1,778,317	(\$17,661)	-
2015 Codes & Standards True Up	-	-	(\$19,408)	(\$5,880)
2015 Non-Resource True Up	-	\$55,445	-	\$144,476
Awards for PY 2015 and 2016	\$21,203,200	\$16,012,952	\$5,641,141	\$2,759,942
2006-2008 RRIM Adjustment	(\$17,469,000)	-	(\$2,500,000)	(\$2,000,000)
Total Payment	\$3,734,200	\$16,012,952	\$3,141,141	\$759,942

⁴ The values in this table reflect the requested, adjusted, and authorized incentives for 2015-16; RRIM-related offsets are shown in Table 2.

Table 2: Final ESPI Awards per component

BACKGROUND

This section summarizes the history of the Efficiency Savings and Performance Incentive (ESPI) mechanism and its predecessor, the Risk/Reward Incentive Mechanism (RRIM).

▪ 2006 - 2008 RRIM Mechanism

In 2007 the California Public Utilities Commission (hereafter the CPUC) adopted the RRIM, to motivate investor owned utilities to pursue energy efficiency as a core business strategy.

Under the RRIM mechanism utilities would be rewarded or penalized based on evaluated energy savings for the 2006-2008 and subsequent program cycles.⁵

Later in September 2015 the CPUC re-examined the shareholder incentives awards paid for program years 2006-2009. As a result of settlements among parties in the course of this re-examination, the four IOUs were directed to return portions of the 2006-2009 incentive awards to ratepayers.

Due to the challenges associated with the RRIM mechanism, in 2012 the CPUC opened a new proceeding (R.12-01-005) to consider reforms to the mechanism. In September 5, 2013 the CPUC adopted The Efficiency Savings and Performance Incentive (ESPI) mechanism via D.13-09-023.

In September 2015, with D.15-09-026 the CPUC re-opened R.09-01-019, the Order Instituting Rulemaking to Examine the CPUC's Energy Efficiency Risk/Reward Incentive Mechanism, to re-examine three Decisions involving the energy efficiency shareholder incentive awards for the 2006-2008 energy efficiency portfolios of the four IOUs.

In September 2016, the CPUC adopted D.16-09-019, which requires PG&E to return \$29,115,011 over a five-year period, starting with the ESPI awards granted in the 2016 calendar year.⁶

⁵ Rulemaking (R.) 09-01-019

On October 13, 2016, the CPUC adopted D.16-10-008, which required SCE to return \$13.5 million to ratepayers in three installments. SCE was also authorized to accelerate the refund installments by refunding the present value of the three-year stream of refund installments via a one-time payment of the net present value of the total payments. For purposes of present value, the discount rate shall equal 7.9 percent; SCE's authorized weighted average cost of capital.⁷

On Nov 16, 2016 SCE filed a separate Advice Letter (3513-E) for the purposes of their RRIM settlement. SCE used their weighted average cost of capital of 7.9% in calculating the present value of their one time installment.

On March 8, 2017 the CPUC adopted Decision 17-03-003, which included settlement agreements for both SDG&E and SoCalGas.⁸ The two utilities were both directed to each refund \$3.7 million to the California ratepayers. SDG&E was required to return \$2.5 million in 2017 and \$1.2 million in 2018 by offsetting the respective ESPI earnings in each year. SoCalGas was required to return \$2 million in 2017 and \$1.7 million in 2018 by offsetting the respective ESPI earnings in each year.

▪ 2013 - Present ESPI Mechanism

The Efficiency Savings and Performance Incentive mechanism was adopted on September 5, 2013 in D.13-09-023.⁹ Later, D.15-10-028¹⁰ updated the timelines for ESPI review to comply with the new EE planning, budget, and review processes adopted in the same Decision. The framework of the ESPI program was otherwise retained.

The ESPI mechanism is a multi-component incentive structure intended to motivate IOUs to invest not only in energy efficiency Resource programs¹¹ (i.e.,

⁶ D.16-09-019, Attachment A

⁷ [SCE Settlement](#) OP. 2.D

⁸ [D.17-03-003](#)

⁹ [D.13-09-023](#)

¹⁰ [D.15-10-028](#)

¹¹ A resource program is defined as an energy efficiency program that is intended to achieve and report quantified energy savings.

programs generating direct savings), but also in all other Non-Resource¹² programs (e.g., workforce, education, and training; marketing, education, and outreach; emerging technology, ...) that help support the IOUs achieve their CPUC-authorized savings goals as well as administering Codes and Standards advocacy programs.

The ESPI's four components are:

- A. Energy Efficiency Resource Savings:** A performance award net lifecycle resource program energy savings measured in MW, GWh and MMTh. This component is capped at 9% of the resource program budget (excluding funding dedicated to administrative activities, codes and standards programs, Evaluation, Measurement and Verification (EM&V), and Community Choice Aggregators (CCA)/ Regional Energy Networks (RENs).

Per D.13-09-023, the energy savings performance award is split between ex-ante (i.e., estimated savings pre-implementation) and ex-post (i.e., evaluated savings post implementation) savings values. IOUs may file for incentive payments for ex-ante savings in the year following the program year (i.e., in 2017 for program year 2016) and for ex-post savings two years following the program year (i.e., in 2018 for program year 2016). Ex-post savings values will apply to custom measures and deemed measures on the ESPI Uncertain Measure List for the corresponding year. Ex-ante values will apply to deemed measures not on the ESPI uncertain measure list for the corresponding year.

- B. Ex-Ante Review (EAR) Process Performance:** A performance award for IOUs ex-ante review conformance of up to 3% of authorized resource program expenditures, excluding administrative costs.

¹² A non-resource program is defined as an energy efficiency program where energy savings are not directly attributed but the program supports the energy efficiency portfolio through activities such as marketing or improved access to training and education.

The ex-ante review performance award is the product of the final IOU score and the earnings cap for the component. Each IOU's score is based on an evaluation of their respective ex-ante review activities in accordance with the metric below:¹³

Metric Category	Adopted Weighting
1. Timing and Timeliness of Submittals	10%
2. Content, Completeness, and Quality of Submittals	30%
3. Proactive Initiative of Collaboration	10%
4. Program Administrator's Due Diligence and Quality Assurance/Quality Control Effectiveness	25%
5. Program Administrator's Responsiveness to Needs for Process and Program Improvements	25%

C. Codes and Standards (C&S): A management fee for the IOUs advocacy of codes and standards. This award equals 12% of the authorized C&S program expenses, excluding administrative costs, and

D. Non-Resource Programs: A management fee for implementing non-resource programs equal to 3% of the authorized non-resource program expenses, excluding administrative costs.

For the purposes of calculating the ESPI awards, program expenditures shall not exceed authorized budgets. Rewards shall also be capped at each component's maximum cap respectively.

Per D.13-09-023, the IOUs must rely on public versions of the CPUC Utility Audit, Finance and Compliance Branch (UAFCB) reports to determine the actual expenditures to calculate their respective incentive awards.

¹³ Metrics updated in D.16-08-019

NOTICE

Notice of PG&E AL 3880-G/5136-E, SCE AL 3655-E, SDG&E AL 3109-E/2606-G, SoCalGas AL 5182, and PG&E AL 3880-G-A/5136-E-A were made by publication in the CPUC's Daily Calendar. PG&E, SCE, SDG&E, and SoCalGas state that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

No protests were filed in response to PG&E AL 3880-G/5136-E, SCE AL 3655-E, SDG&E AL 3109-E/2606-G, SoCalGas AL 5182, and PG&E AL 3880-G-A/5136-E-A.

DISCUSSION**1) Ex-Ante Review Performance Scores**

On August 1, 2016 CPUC staff issued a mid-year review where utilities were given the opportunity to provide comments. Final Ex-Ante Review Performance reports were publicly released August 21, 2017.¹⁴ Table 3 shows a comparison of the IOUs' 2014, 2015, and 2016 scores.

IOU	2014 Score (%)	2015 Score (%)	2016 Score (%)
PG&E	53	40.84	59.78
SCE	58	41.91	44.62
SDG&E	68	43.79	50.06
SoCalGas	69.5	41.91	46.63

Table 3: Ex-Ante Review Process Performance Score 2014, 2015, and 2016

2015 and 2016 Earning Coefficients and Incentive Caps

¹⁴ [2016 ESPI EAR Performance Memos](#)

The incentive earnings caps for program year 2015 and 2016 was adopted in D.13-09-023 and updated in 2016¹⁵ and 2017¹⁶. For all energy savings, the incentive award is calculated using the statewide earnings rates. The use of statewide earnings rates allows each unit of energy saved to earn an incentive award.

The 2015 and 2016 earnings coefficients and incentives caps are as follows:

	2015	2016
Electricity (\$/GWh)	\$2,335	\$2,411
Peak Demand: (\$/MW)	\$7,127	\$7,670
Natural Gas: (\$/MMth)	\$22,586	\$26,048

Table 4: 2015 and 2016 Statewide Earning Coefficients by Component (\$)

	Resource Savings	EAR Performance	Codes & Standards	Non-Resource
PGE	28,473,786	9,491,262	1,752,163	670,476
SCE	21,974,541	7,324,847	581,031	788,930
SDGE	7,308,445	2,436,148	114,457	668,155
SoCalGas	4,904,746	1,634,915	91,293	392,899

Table 5: 2015 Award Caps by Component and IOU (\$)

	Resource Savings	EAR Performance	Codes & Standards	Non-Resource
PGE	27,457,245	9,152,415	1,752,163	709,323
SCE	20,966,541	6,988,847	581,031	788,930
SDGE	8,193,593	2,731,198	110,875	288,590
SoCalGas	4,904,746	1,634,915	91,293	392,899

Table 6: 2016 Award Caps by Component and IOU (\$)

In this Resolution we have modified the total awards requested by the IOUs. Below is the list and description of the different adjustments, on expenditures

¹⁵ [2015 ESPI Earning Coefficients and Caps](#)

¹⁶ [2016 ESPI Earning Coefficients and Caps](#)

and savings, which are the basis for the difference between the final awarded amounts and the requested numbers. Some of the below adjustments have resulted in an increased value while others have decreased the requested values.

The details on all the adjustments including the workbooks on reported, reviewed and adjusted program expenditures and energy savings values are available on CPUC's ESPI website.¹⁷

2) Adjustments of Expenditure Data

The IOUs generally conformed to the 2017 ESPI guidelines; and we would like to acknowledge the IOUs efforts in improving data submission consistent across different filings. This year the number of inconsistencies had substantially reduced; however CPUC staff still found some inconsistency between data submitted through the Monthly and Quarterly reports, data filed in the 2016 annual filings, data submitted as part of the 2017 and 2018 budget filing Advice Letters, and data submitted in the ESPI Advice Letters. CPUC staff was able to reconcile the majority of the data, however, where reconciliation could not be made between the IOU-claimed values in the ESPI Advice Letter and the IOUs' official claims submitted in quarterly reports; the official claims were used for the purpose of award calculations. This is similar to the process followed in prior years.

An additional issue of concern is that numbers and values filed in the Advice Letter supporting documents occasionally did not result in values requested by the IOUs for ESPI awards. While reconciliations were made for the purposes of calculating ESPI incentives the overall IOUs' accounting practices will be addressed in a more comprehensive manner outside this resolution.

This Resolution makes the following adjustments to the IOUs' expenditure values used to calculate the ESPI awards:

A. 2015 True Ups based on the 2015 Audit Reports

¹⁷ [CPUC ESPI website](#)

On July 31, 2017 the Utility Audit, Finance and Compliance Branch (UAFCB) issued the 2015 Energy Efficiency audit reports. Staff considered the audit findings and made adjustments to the IOUs' claims based on the recommendations in the 2015 audit reports. The net present value of these adjustments together with other 2015 true ups were calculated considering each IOU's respective authorized weighted average cost of capital.¹⁸

One pending issue from the audit reports is IOUs compliance with the 10% administration cost cap. The UAFCB reports find all four investor owned utilities out of compliance with the 10% administrative cost cap. There are different interpretations across the IOUs and the audit branch in calculation methodologies for this cost cap. The CPUC has expressed concerns about this issue and will address and clarify this together with other accounting concerns in a more comprehensive manner outside this resolution.

B. 2016 Authorized Expenditures

In D.14-10-046 the we raised several significant accounting issues and, while we deferred most of the issues to the next phase of the proceeding, we explicitly clarified that the we consider "Authorized Expenditures" to be the "Budgets" approved in the decision.¹⁹ We clarify that while we have allowed for necessary mid-cycle fund shifts, until we formally adopt a new direction, it is appropriate to continue to apply the last CPUC direction on "authorized budgets" for the purposes of ESPI calculations. Therefore the 2016 program budgets authorized in decision D.14-10-046 are considered to be the maximum acceptable expenditures for the purposes of ESPI award calculations.²⁰ As a result, any expenditure beyond the authorized budgets was not considered eligible for the purposes of ESPI award calculations.

¹⁸ PG&E 8.06%, SCE 7.90%, SDG&E 7.79%, SoCalGas 8.02%

¹⁹ "Most immediately, we will clarify some definitions for purposes of this decision. The "budgets" we approve here reflect each IOU's authorized expenditures for 2015 programs (including funds IOUs may "commit" in 2015, to be paid out in subsequent years). D.14-10-046, at 43

²⁰ D.14-10-046 at 107-109

In addition, IOUs shall only make claims on all expenditures accrued in the respective program years they are requesting ESPI awards for.

C. Expenditures over the Commission Established Hard and Soft Caps

The CPUC has set a 10% hard cap for administrative costs, a 6% soft cap for Marketing, Education and Outreach activities (ME&O), and a 20% target for the Direct Implementation Non Incentive (DINI)²¹ Costs. The 10% hard cap on administrative cost is dealt with during the annual UAFCB audits. The IOUs are directed to refund any excess expenditure (beyond 10%) to the California ratepayers. A similar mechanism is not currently available for the excess expenditures in the other two categories (ME&O and DINI). Throughout the years (since the RRIM mechanism and throughout the 2010-2015 budget cycles) the CPUC has repeatedly addressed the overspending on the ME&O and DINI expenditures and has required the utilities to minimize their non-incentive expenditures to achieve the 20% DINI cost target.²² While the CPUC has tolerated over-expenditures in these two categories (due to these thresholds being titled a soft cap and a target²³) and has not yet required the IOUs to refund the excess

²¹ The term has also been referred to as “Implementation – Customer Services” or “Non-Incentive and Rebates Budget for program delivery”

²² D.09-09-047 and again in D.12-11-015 at 98

Despite a hard cap of 10% on administrative costs, as well as a soft cap of 6% on marketing and outreach expenses, the proportion of other non-incentive costs (the category called “Implementation – Customer Services” in the budget templates) as a percent of the total budgets has been rising steadily, approaching close to 45% in some cases in the budgets as proposed by the utilities. In several cases, the total non-incentive budgets approach 70%. We recognize that some of this increase in non-incentive costs is likely due to Commission directives that result in higher non-incentive costs. However, given that the “implementation – customer services” category of costs is not capped anywhere in our rules or decisions, it appears to have become a catch-all category of costs that is steadily growing.

²³ The term “Target” which was initially borrowed from stakeholders’ comments implies a threshold one attempts to reach, while the 20% DINI target is a threshold for the IOUs to stay under. This natural intuition of the term “target” can cause confusion while dealing with excess cost and hence needs to be addressed in the phase III of the Energy Efficiency proceeding.

expenditures to the ratepayers, it also does not intend to reward the IOUs based on these excess expenditures. Therefore the we remove any excess ME&O expenditures (over 6%) and non-exempted DINI expenditures (over 20%) from the total program expenditures and, therefore, exclude the excess expenditures from earning shareholder incentive awards.

This year, none of the IOUs exceeded their 6% ME&O soft cap; however, all except SDG&E exceeded the 20% DINI target in their expenditures.

D. Statewide Marketing Education & Outreach:

In December 2013, we selected the California Center for Sustainable Energy (CCSE) (later on CSE) as the sole implementer for the Statewide Marketing, Education and Outreach programs for program year 2014 and 2015.²⁴ On August 27, 2015 via D.15-08-033 the CPUC reaffirmed that CSE should continue to serve as the statewide ME&O program implementer while the IOUs are responsible for delivering local ME&O activities. Since the IOUs are not administering Statewide ME&O programs, funds related to these activities are excluded from ESPI calculations either directly or as part of the ESPI formulas. This is similar to the treatment of funds related to RENs and CCA programs.²⁵

3) Correction to the 2015 ESPI Earnings Coefficient for Natural Gas

On July 27, 2017 we issued an Ordering Correcting Error that corrected an error in the coefficient and cap allocation for the gas earnings.²⁶ On August 29, 2017, the Director of the Energy Division issued a disposition that corrected the coefficient for the 2015 statewide earnings rate for gas and instructed the IOUs to use the corrected value in their Advice Letters.

²⁴ D.13-12-038, OP.27 and OP.44

²⁵ We understand that the policy manual has not been updated since the change in the SW ME&O administrator; however the exclusion of the SW ME&O costs are aligned with the policy manuals language on the exclusion of RENs and CCAs.

²⁶ D.17-07-014

This Resolution adjusts the 2015 ESPI ex-ante savings award in Resolution E-4807 and the 2015 Ex-Post savings and ex-Ante true ups in the 2015 Ex-Post ESPI Final Performance Statement Reports. The 2015 natural gas earnings coefficient value was corrected from \$30,454/MMTherm to \$22,586/MMTherm.

4) Summary of Adjustments to Ex-Ante Energy Savings Data

This Resolution makes the following adjustments to energy savings values used to calculate the ESPI ex-ante savings awards:

A. Data Discrepancy Adjustments

Where reconciliation could not be made between the data submitted via the ESPI Advice Letter and the official claims in the quarterly data reported by IOUs, the quarterly reported data was used to calculate deemed 2016 ex-ante ESPI savings.

B. Application of Early Retirement (ER) policy

Application of Early Retirement (ER) policy and related effective useful life (EUL) and remaining useful life (RUL) values for ER, retrofit add-on (REA) measures and measures with savings calculated over existing baselines for ER application and RUL value adjustments. CPUC staff adjusted RUL values consistent with the Database of Energy Efficiency Resources (DEER) requirements. Some equipment replacement measures claimed savings above an existing baseline but were not identified as ER and so were claiming the first period savings for the entire EUL. We have revised these savings to be ER and applied the correct RUL and second period savings values. We have also revised retrofit add-on measures so that the EUL of the measure is equal to the lower of the RUL of the modified system or equipment, or the EUL of the add-on component. Additionally, misclassified measures such as ER or replace-on-burnout measures identified as retrofit add-on were identified and corrected.

C. Proper application of net-to-gross (NTG) values

For NTG adjustments, CPUC staffs' review focused on four areas: hard-to-reach, emerging technology, locational (or constrained area), and unsupported and incorrect reporting of NTG values. For emerging technologies, CPUC staff revised the reported NTG values to the standard DEER values where the measure technology had been in program offerings for more than four years, or

if any IOUs were claiming the same measure but using the standard DEER value. Locational targeted programs serving transmission, distribution, or generation constrained areas may claim a NTG value of 0.85; however, customer incentives must also be “the higher of 75% of incremental measure cost, or what is available under prior policies.”²⁷ CPUC staff observed very little targeting or increase in incentives for measures in constrained areas as compared to identical measures offered across the service area. As an indicator for targeting of constrained areas CPUC staff identified measures with incentives at least five percent greater than incentives for identical measures in non-constrained areas, and in those cases accepted the 0.85 NTG value for targeted activities and revised all other claims to the standard DEER NTG values. The IOUs are directed to provide data that allows identification of NTG values that are larger than the standard DEER values, such as for schools, hard-to-reach, or ET measures. A large number of claims were submitted using an NTG value of 0.85 for measures where the standard DEER value was lower, but with no supporting information provided (NTG ID field). IOUs are required to provide supporting documentation for high NTG values. CPUC staff revised all of these unsupported NTG values to the standard DEER values. In some cases, it appears that out-of-date NTG values were reported. CPUC staff also revised all of these erroneous NTG values to the current DEER values.

D. Application of DEER EUL for screw-in compact fluorescent lamps (CFLs)

CPUC staff reviewed and revised, as needed, all screw-in CFL claims to have the correct DEER EUL value. The DEER EUL for all interior and exterior residential CFLs is 3.5 years. Some claims were submitted with higher EUL values. We revised these to the current value of 3.5 years.

E. Revisions to SCE ER claims for commercial packaged HVAC equipment to reflect available evidence based on review of current and historical claims by all IOUs

²⁷ D.14-10-046, OP 9

CPUC staff reviewed the details of the SCE savings claims for its commercial HVAC ER program. Those claims were adjusted to be in conformance with the previous CPUC direction as well as staff direction to SCE staff regarding the requirements on the claims for that specific program. CPUC direction regarding requirements for ER claims clearly places a burden on SCE to only submit such claims after an examination of evidence supporting or refuting such claims is done.²⁸ CPUC staff examined and compared the claims across all IOUs for installations of commercial packaged HVAC equipment from 2010 through the second quarter of 2016. The comparison of statewide trends to the SCE activity claims were used as a way to verify the fraction of ER claims that reasonably represent actual ER installations.²⁹ Commission staff adjusted the early retirement portion of SCE's packaged HVAC claims by applying a gross savings adjustment of 0.25, to reflect that the majority of SCE early retirement claims are more likely in actuality normal replacement installations. This change reduces early retirement claims and associated savings by 75%.

F. Removal of pre-2016 installed measures in 2016 claims

Previously, we directed the IOUs to only include savings for measures installed in the same year for which they are claiming incentives.³⁰ The IOUs were also

²⁸ D.12-05-015 at 346

²⁹ D.13-090023 at 51: "For measures that are not on the "deemed but high uncertainty" measure list, only the measure count will be subject to verification in calculating ESPI earnings (as well as any errors in the ex-ante parameter values and calculations included in the claim, of course). The installation rate represents the actual number of an Energy Efficiency measure (e.g., efficient lighting, advanced heating systems) put in place as compared to the claimed amount. We authorize Commission staff to adjust IOU claimed measure counts with verified installation rates for any Energy Efficiency measures in the portfolio, including those deemed measures not identified as highly uncertain."

³⁰ The annual installation date based claims requirement was introduced in D.04-09-060 (at 33 and Findings of Facts 14), clarified and reiterated in D.05-04-051 (at 55, Findings of Fact 36-42, Conclusion of Law 3, Ordering Paragraph 17), D.05-09-043 (at 84) and again in Resolution G-3510 (at 13) and Resolution 4807 (OP.10).

directed to identify the small percentage of projects installed in a separate year than the claim year and to provide sufficient documentation supporting the delay in reporting of such projects for the CPUC to decide on a case by case basis.

The IOUs generally complied with these directions in their 2017 submissions; however some exceptions were requested by SCE and SoCalGas as discussed below.

Aligned with prior CPUC direction, we excluded savings for measures that had installation dates, identified in the official claims in the IOUs' quarterly data submissions, prior to January 1, 2016 with the below exceptions.

Both SCE and SCG requested that staff allow counting pre-2016 installations for some specific justifications. Among the requested exceptions were projects that were jointly paying customer incentives (SCE for electric savings and SCG for gas savings) as the exchange of information on these projects between the two utilities is delaying the claims submissions. The CPUC will allow this exception for this year but only for projects installed in 2015 and not those installed earlier than 2015. The utilities should improve their tracking and information exchange procedures between now and when 2017 claims are finalized (in mid-2018) so that these "partnered" projects are correctly reported for 2017 and beyond. None of the other requested exceptions were found to be reasonable and are thus denied.

G. Proper application of CPUC direction for schools that allows only above code measures to be claimed

IOUs are allowed to claim K-12 schools and community college measures and projects (schools projects) as accelerated replacement, including any savings from the pre-existing equipment to the minimum code requirements, but only if the project meets the Commission policy requirements including preponderance of evidence that the IOU program caused the acceleration. Staff points out that it is not reasonable to assume that an IOU's program influenced the accelerated replacement if the project received most of its support from Prop 39 funds and the amount of that funding greatly exceeded the IOU's provided incentive.

Additionally, schools projects must exceed code requirements to be eligible for IOU incentives.³¹ At this time we have not made any adjustment to these claims; however we require that going forward IOUs review any proposed early retirement claims for schools projects to identify projects with predominant Prop 39 funding and remove the to-code savings from those claims and report those projects as normal replacement rather than accelerated.

Additionally, all K-12 schools and community college measures and projects should be specifically identified in the claims. In addition those projects having California Proposition 39 (Prop 39) funding should also be distinctly identified in the claims.

5) Summary of Adjustments to Ex-Post Energy Savings Data

This Resolution makes the following adjustments to energy savings values used to calculate the ESPI ex-post savings awards:

A. DEER EUL for Screw-in Compact Fluorescent Lamps

As noted earlier, DEER requires a 0.523 multiplier on the listed EUL for residential interior CFLs of 9.67. All, or nearly all, of the PA's claims for residential interior CFLs were submitted with an EUL of 9.67 without consideration of the required EUL multiplier. CPUC staff reviewed and revised all EULs for residential interior CFLs to meet the DEER EUL requirements. Multiplying the DEER EUL by the required degradation multiplier results in an EUL of 5.06.³² CPUC staff updated the DEER EUL to be equal to the product of

³¹ Decision 14-10-046 OP.9 states "For all projects undertaken by schools" that "The only eligible measures are those that are above code."

³² The DEER2008 EUL update included a "switching degradation factor" of 0.523 for indoor residential screw-in CFLs. Explicit calculations of EULs for CFLs are included in the DEER 2008 update documentation showing that the final EUL in years is always multiplied by the degradation factor. The DEER 2008 update documentation is available from www.deeresources.com:
http://deeresources.com/files/deer0911planning/downloads/EUL_Summary_10-1-08.xls. The degradation factor is also included in ex ante database for DEER

the EUL year value and the degradation multiplier for all 2013, 2014 and 2015 reported savings.³³ As this issue was previously pointed out in Resolution E-4897, it is expected that all future claims will have the correct EUL value with no future adjustments being required starting with 2017 claims.

B. Use of Workpaper Disposition Directed EUL and Unit of Energy Savings (UES) values for LED Lamps and Fixtures

The ex-post evaluations altered the utility reported ex-ante values for non-residential LED lighting EUL and UES. The EUL values assigned by the ex-post evaluations were developed from manufacturer's reported test values listed in their product technical specifications. However, the manufacture test values are based on extrapolations from only 6,000 hours of testing and are inappropriate to use to change the previously directed 15,000 to 25,000 hours to as much as 45,000 to 50,000 hours. We did not observe any field data, laboratory testing, or any other work to verify the accuracy of the manufacturers' estimates nor did we identify any considerations of other reasons for early failure or removal commonly experienced in the field for that adjustment. Therefore, the values are changed back to those previously directed by the CPUC. CPUC staff also found an incorrect update of the delta wattage for residential LED lamps which resulted in inappropriate assumed baseline versus measure wattage that would not support the requirement for equivalent service between the pre-existing and newly installed lamp. Therefore, the values are reverted back to those previously directed by the CPUC as found in the utility submitted ex-ante values.

C. T12 Early retirement and de-lamping measures with incorrect RUL values

The 2015 uncertain measure includes linear fluorescent permanent de-lamping measures, where lamps are removed from existing fixtures and the fixtures are

accessible via the REAI tool. Refer to the EUL table in the Support Tables section of the READI interface.

³³ In previous years, screw-in CFLs were on the uncertain measures list, subject to ex-post evaluations for final savings.

modified in a way that they can no longer operate with more than the de-lamped number of lamps. The 2015 evaluation did not examine these de-lamping measures, but, instead, investigated early retirement of T12 lamp and ballast combinations replaced with T8 lamps and ballasts where the post retrofit T8 lamp count is smaller than the pre-existing fixture T12 lamp count.

DEER 2011 update revised the RUL for early retirement lighting measures where the pre-existing technology included 4-foot, 8-foot or U-tube T12 lamps. For these measures, DEER requires the RUL be calculated based on the EUL of the pre-existing lamp (instead of the ballast as is the case for all other linear fluorescent measures). For T12 lamps the DEER rated life is 20,000 hours. Therefore the RUL can be no greater than one-third of 20,000 hours divided by the annual operating hours. For most DEER building types, this results in an RUL of between two and two-and-a-half years. Ex post results show that all of these measures were assigned an RUL of approximately five years. CPUC staff reviewed and revised as needed the RULs and second period savings for all early retirement lighting measures with T12 pre-existing technologies to be consistent with DEER requirements.

PG&E, SCE, SDG&E, and SoCalGas' requested ESPI awards are modified and approved, as detailed herein:

1. Pacific Gas and Electric (PG&E)

In the area of workpapers and custom projects reviews, CPUC staff observed that PG&E increased their efforts to collaborate, clarify, and solicit staff's guidance on projects earlier in their internal review process. However, there are still major concerns on lack of evidence of program influence, inadequate calculation methodology and analysis approaches, and insufficient measurement and verification plans. CPUC staff also remains concerned that for several workpaper measure groups with large portfolio contributions, PG&E has not shown sufficient efforts to incorporate previous our direction and sometimes appears to take no action in response to staff input.

PG&E's submitted program expenditures and savings were both modified based on the adjustments listed earlier. While there are some improvements on the expenditure's inconsistencies we did not observe sufficient attention to the

CPUC direction on the correct submission of reported savings claims as identified in last year resolution.

PG&E requests \$1,468,059 in their 2017 ESPI Advice Letter as detailed below:

1.1 Energy Efficiency Resource Savings

- 2015 Ex-Post Energy Savings

ESPI Component	2015 Cap*	Requested	Approved
2015 Ex-Post Savings	\$23,904,923	\$10,210,061	\$8,285,266

*2015 Savings award Cap minus 2015 Ex-Ante Savings Awards Earned in 2016

- 2016 Ex-Ante Energy Savings

ESPI Component	2016 Cap	Requested	Approved
2016 Ex-Ante Savings	\$27,457,245	\$6,988,256	\$6,052,637

1.2 Ex-Ante Review (EAR) Process Performance

ESPI Component	2016 Cap	Requested	Approved
2016 EAR Performance	\$9,152,415	\$5,360,028	\$4,664,457

1.3 Codes and Standards (C&S)

ESPI Component	2016 Cap	Requested	Approved
2016 C&S Management Fee	\$1,752,163	\$1,739,465	\$1,739,465

1.4 Non-Resource Programs

ESPI Component	2016 Cap	Requested	Approved
2016 Non-Resource Management Fee	\$709,323	\$706,988	\$706,988

1.5 True Ups

Component	Requested	Approved
2015 Ex-Ante Savings True Up	(\$233,759)	(\$233,759)
2015 EAR Performance True Up	(\$10,969)	(\$11,854)
2015 Codes & Standards True Up	-	-
2015 Non-Resource True Up	-	-
2006-2008 RRIM Adjustment	(\$23,292,011)	(\$17,469,000)

The 2015 UAFCB report on PG&E recommended true ups for the 2015 C&S and Non-Resource awards were already covered in resolution E-4807; therefore there are no further adjustments on those two components this year.

In their ESPI Advice Letter PG&E seeks to offset the remaining balance of their RRIM settlement amount, \$23,292,011, with this year's awards. The 2015-2016 award adjustments exceeds PG&E's proposed offset; therefore at the request of PG&E³⁴ we will include the equivalent of three annual installments in this resolution. The remaining amount from the overall RRIM settlement should be included in the next year ESPI Advice Letter.

PG&E's final 2017 award values including all adjustments are shown below:

Component	Requested	Approved
2015 Ex-Post Savings	\$10,210,061	\$8,285,266
2016 Ex-Ante Savings	\$6,988,256	\$6,052,637
2016 Ex-Ante Review Performance	\$5,360,028	\$4,664,457
2016 Codes & Standards	\$1,739,465	\$1,739,465
2016 Non-Resource	\$706,988	\$706,988
2015 Ex-Ante Savings True Up	(\$233,759)	(\$233,759)
2015 EAR Performance True Up	(\$10,969)	(\$11,854)
2015 Codes & Standards True Up	-	-

³⁴ PG&E AL 3880-G-A/5136-E-A p.10

2015 Non-Resource True Up	-	-
Award for PY 2015 and 2016	\$24,760,070	\$21,203,200
2006-2008 RRIM Adjustment	(\$23,292,011)	(\$17,469,000)
Total Payment	\$1,468,059	\$3,734,200

Table 7: PG&E 2017 ESPI Awards

2. Sothern California Edison (SCE)

In the area of ex-ante review for workpapers and custom projects, CPUC staff observed that SCE's engineering team continue with its internal quality control and quality assurance project review process along with their technical review of custom projects. CPUC staff acknowledges and applauds this effort. However, review indicates SCE has not successfully implemented prior staff directives and guidance across the full range of portfolio activities.

CPUC staffs' major concerns in prior years still remain outstanding. Those concerns include lack of evidence of program influence, inadequate calculation methodology and analysis approaches, and insufficient measurement and verification plans.

SCE has shown progress in working with other program administrators to develop statewide workpapers for measures that are similar, if not identical, across all three electric utilities. Overall, SCE appears to have some of the best capabilities for developing new and updating existing workpapers; however, its process for responding to preliminary reviews and dispositions needs improvement. At the end of 2016, nearly all of these workpaper reviews were still awaiting response from SCE. Most discouraging are cases in which SCE continues to resist previous direction and input, such as the direction to support early retirement claims in their package HVAC program.

SCE's submitted program expenditures and savings were both modified based on the adjustments listed earlier. While there are some improvements on the expenditure's inconsistencies we did not observe sufficient attention to the CPUC direction on the correct submission of reported savings claims as identified in last year resolution.

SCE requests \$24,818,921 in their 2017 ESPI Advice Letter as detailed below:

1.1 Energy Efficiency Resource Savings

- 2015 Ex-Post Energy Savings

ESPI Component	2015 Cap*	Requested	Approved
2015 Ex-Post Savings	\$17,539,465	\$10,026,548	\$3,964,449

*2015 Savings award Cap minus 2015 Ex-Ante Savings Awards Earned in 2016

- 2016 Ex-Ante Energy Savings

ESPI Component	2016 Cap	Requested	Approved
2016 Ex-Ante Savings	\$20,966,541	\$8,272,039	\$6,415,112

1.2 Ex-Ante Review (EAR) Process Performance

ESPI Component	2016 Cap	Requested	Approved
2016 EAR Performance	\$6,988,847	\$2,768,349	\$2,572,460

1.3 Codes and Standards (C&S)

ESPI Component	2016 Cap	Requested	Approved
2016 C&S Management Fee	\$581,031	\$581,031	\$411,956

1.4 Non-Resource Programs

ESPI Component	2016 Cap	Requested	Approved
2016 Non-Resource Management Fee	\$788,930	\$625,147	\$615,207

1.5 True Ups

Component	Requested	Approved
2015 Ex-Ante Savings True Up	\$200,006	\$200,006
2015 EAR Performance True Up	\$2,301,676	\$1,778,317

2015 Codes & Standards True Up	(\$11,321)	\$0
2015 Non-Resource True Up	\$55,445	\$55,445
2006-2008 RRIM Adjustment	-	-

The 2015 UAFCB report on SCE recommended adjustments for the 2015 C&S awards were already covered in resolution E-4807; therefore there are no further adjustments for that component this year.

SCE's final 2017 award values including all adjustments are shown below:

Component	Requested	Approved
2015 Ex-Post Savings	\$10,026,548	\$3,964,449
2016 Ex-Ante Savings	\$8,272,039	\$6,415,112
2016 Ex-Ante Review Performance	\$2,768,349	\$2,572,460
2016 Codes & Standards	\$581,031	\$411,956
2016 Non-Resource	\$625,147	\$615,207
2015 Ex-Ante Savings True Up	\$200,006	\$200,006
2015 EAR Performance True Up	\$2,301,676	\$1,778,317
2015 Codes & Standards True Up	(\$11,321)	-
2015 Non-Resource True Up	\$55,445	\$55,445
2006-2008 RRIM Adjustment	-	-
Total Payment	\$24,818,921	\$16,012,952

Table 8: SCE 2017 ESPI

3. San Diego Gas & Electric (SDG&E)

In the area of ex-ante review for workpaper custom projects, SDG&E staff continues to be proactive in bringing forth topics for thoughtful discussion, and communicates a sincere desire to improve its portfolio performance as well as ESPI score. However, the significant CPUC concerns, remaining from prior years, are lack of proper tracking of projects selected for ex ante review, lack of evidence of program influence, inadequate calculation methodologies and analysis approaches, and insufficient measurement and verification plans.

SDG&E also needs to reduce the large time lag in their workpaper submissions. Additionally, SDG&E staff is under the mistaken impression that they may retire workpapers for which they continue to claim savings. This effort overreaches the CPUC staff guidance to adopt values within the ex-ante database by failing to submit workpaper descriptions that justify how the measures are being implemented within programs. CPUC staff generally observed that it is difficult to keep track of the current programs and measures in the SDG&E portfolio.

SDG&E's submitted program expenditures and savings were both modified based on the adjustments listed earlier. While there are some improvements on the expenditure's inconsistencies we did not observe sufficient attention to the CPUC direction on the correct submission of reported savings claims as identified in last year resolution.

SDG& requests \$3,950,465 in their 2017 ESPI Advice Letter as detailed below:

1.1 Energy Efficiency Resource Savings

- 2015 Ex-Post Energy Savings

ESPI Component	2015 Cap*	Requested	Approved
2015 Ex-Post Savings	\$6,514,290	\$2,851,063	\$1,924,043

*2015 Savings award Cap minus 2015 Ex-Ante Savings Awards Earned in 2016

- 2016 Ex-Ante Energy Savings

ESPI Component	2016 Cap	Requested	Approved
2016 Ex-Ante Savings	\$8,193,593	\$2,303,540	\$2,161,239

1.2 Ex-Ante Review (EAR) Process Performance

ESPI Component	2016 Cap	Requested	Approved
2016 EAR Performance	\$2,731,198	\$1,078,963	\$1,360,389

1.3 Codes and Standards (C&S)

ESPI Component	2016 Cap	Requested	Approved
2016 C&S Management Fee	\$110,875	\$62,109	\$62,109

1.4 Non-Resource Programs

ESPI Component	2016 Cap	Requested	Approved
2016 Non-Resource Management Fee	\$288,590	\$206,361	\$179,406

1.5 True Ups

Component	Requested	Approved
2015 Ex-Ante Savings True Up	(\$8,976)	(\$8,976)
2015 EAR Performance True Up	(\$16,384)	(\$17,661)
2015 Codes & Standards True Up	(\$18,006)	(\$19,408)
2015 Non-Resource True Up	(\$8,205)	\$0
2006-2008 RRIM Adjustment	(\$2,500,000)	(\$2,500,000)

SDG&E's final 2017 award values including all adjustments are shown below:

Component	Requested	Approved
2015 Ex-Post Savings	\$2,851,063	\$1,924,043
2016 Ex-Ante Savings	\$2,303,540	\$2,161,239
2016 Ex-Ante Review Performance	\$1,078,963	\$1,360,389
2016 Codes & Standards	\$62,109	\$62,109
2016 Non-Resource	\$206,361	\$179,406
2015 Ex-Ante Savings True Up	(\$8,976)	(\$8,975)
2015 EAR Performance True Up	(\$16,384)	(\$17,661)

2015 Codes & Standards True Up	(\$18,006)	(\$19,408)
2015 Non-Resource True Up	(\$8,205)	\$0
Award for PY 2015 and 2016	\$6,450,465	\$5,641,141
2006-2008 RRIM Adjustment	(\$2,500,000)	(\$2,500,000)
Total Payment	\$3,950,465	\$3,141,141

Table 9: SDG&E 2017 ESPI

4. Sothern California Gas (SoCalGas)

In the area of ex-ante review for workpaper and custom projects, SoCalGas collaborated with CPUC staff to accelerate projects that have potential to help mitigate the impacts from the closure of the Aliso Canyon natural gas storage facility, and continued to have productive discussions on complex projects. However, areas in need of improvement are those significant concerns that CPUC staff highlighted in prior years that still remain. Those concerns include lack of evidence of program influence and low net-to-gross assessments, inadequate calculation methodology and analysis approaches, and insufficient measurement and verification plans.

SoCalGas' submitted program expenditures and savings were both modified based on the adjustments listed earlier. While there are some improvements on the expenditure's inconsistencies we did not observe sufficient attention to the CPUC direction on the correct submission of reported savings claims as identified in last year resolution.

The final calculated award for SoCalGas' 2016 codes and standards exceeds the 2016 C&S award cap; therefore the award is equal to the cap. SoCalGas has correctly reduced the request to the cap in their ESPI Advice Letter.

SoCalGas requests \$1,192,296 in their 2017 ESPI Advice Letter as detailed below:

1.1 Energy Efficiency Resource Savings

- 2015 Ex-Post Energy Savings

ESPI Component	2015 Cap*	Requested	Approved
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2015 Ex-Post Savings	\$4,227,100	\$1,205,571	\$1,205,571
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*2015 Savings award Cap minus 2015 Ex-Ante Savings Awards Earned in 2016

▪ 2016 Ex-Ante Energy Savings

ESPI Component	2016 Cap	Requested	Approved
2016 Ex-Ante Savings	\$4,904,746	\$853,066	\$487,997

1.2 Ex-Ante Review (EAR) Process Performance

ESPI Component	2016 Cap	Requested	Approved
2016 EAR Performance	\$1,634,915	\$763,893	\$723,682

1.3 Codes and Standards (C&S)

ESPI Component	2016 Cap	Requested	Approved
2016 C&S Management Fee	\$91,293	\$91,293	\$91,293

1.4 Non-Resource Programs

ESPI Component	2016 Cap	Requested	Approved
2016 Non-Resource Management Fee	\$392,899	\$287,878	\$287,878

1.5 True Ups

Component	Requested	Approved
2015 Ex-Ante Savings True Up	-	(\$175,075)
2015 EAR Performance True Up	-	-
2015 Codes & Standards True Up	(\$5,443)	(\$5,880)
2015 Non-Resource True Up*	(\$3,962)	\$144,476
2006-2008 RRIM Adjustment	-	-

* includes additional reward owed to SCG due to last year's computational error for N-R awards

SoCalGas' final 2017 award values including all adjustments are shown below:

Component	Requested	Approved
2015 Ex-Post Savings	\$1,205,571	\$1,205,571
2016 Ex-Ante Savings	\$853,066	\$487,997
2016 Ex-Ante Review Performance	\$763,893	\$723,682
2016 Codes & Standards	\$91,293	\$91,293
2016 Non-Resource	\$287,878	\$287,878
2015 Ex-Ante Savings True Up	-	(\$175,075)
2015 EAR Performance True Up	-	-
2015 Codes & Standards True Up	(\$5,443)	(\$5,880)
2015 Non-Resource True Up	(\$3,962)	\$144,476
Award for PY 2015 and 2016	\$3,192,296	\$2,759,942
2006-2008 RRIM Adjustment	(\$2,000,000)	(\$2,000,000)
Total Payment	\$1,192,296	\$759,942

Table 10: SoCalGas' 2017 ESPI

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the CPUC. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the CPUC's agenda no earlier than 30 days from today.

FINDINGS

1. CPUC Decision D.13-09-023 directs the IOUs to file an annual Tier 3 Advice Letter to claim energy efficiency shareholder incentive awards.

PG&E 3880-G/5136-E, SCE 3655-E, SDG&E 3109-E/2606-G, SoCalGas 5182,
PG&E 3880-G-A/5136-E-A/MM5

2. No protests were filed for PG&E AL 3880-G/5136-E, SCE AL 3655-E, SDG&E AL 3109-E/2606-G, SoCalGas AL 5182, filed on September 1, 2017 and PG&E AL 3880-G-A/5136-E-A filed on September 28, 2017.
3. The IOUs' 2015 Ex-Post (PY+2) and 2016 Ex-Ante (PY+1) incentive awards should be approved with modifications.
4. The 2016 awards (PY+1 component of the payments) are based on the IOUs' reported expenditures. The second installation of the 2016 incentive awards will reconcile any differences between utility-reported and CPUC-audited data.
5. It is appropriate to rely on publicly available, utility-filed quarterly and monthly reports, as the official data reported to the CPUC.
6. It is appropriate to modify IOUs' requested awards based on the adjustments detailed in this resolution.
7. CPUC Staff issues the ESPI guidelines annually.

THEREFORE IT IS ORDERED THAT:

1. The request of Pacific Gas and Electric Company (PG&E) for Efficiency Savings and Performance Incentive (ESPI) awards as made in Advice Letter 3880-G/5136-E and modified in supplemental Advice Letter 3880-G-A/5136-E-A is approved with modifications to the original request. PG&E is awarded \$3,734,200 ESPI incentives in 2017.
2. The request of Southern California Edison Company (SCE) for ESPI awards as made in Advice Letter 3655-E is approved with modifications to the original request. SCE is awarded \$16,012,952 ESPI incentives in 2017.
3. The request of San Diego Gas & Electric Company (SDG&E) for ESPI awards as made in Advice Letter 3109-E/2606-G is approved with modifications to the original request. SDG&E is awarded \$3,141,141 ESPI incentives in 2017.
4. The request of Southern California Gas Company (SoCalGas) for ESPI awards as made in Advice Letter 5182 approved with modifications to the original request. SoCalGas is awarded \$759,942 ESPI incentives in 2017.

PG&E 3880-G/5136-E, SCE 3655-E, SDG&E 3109-E/2606-G, SoCalGas 5182,
PG&E 3880-G-A/5136-E-A/MM5

5. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall only make claims on funds spent in the respective program year. Claims must exclude all funds reported as spent in previous years and all committed expenditures for activities in future years.
6. Reiterating previous CPUC direction, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company should only include savings for measures installed in the same year they are claiming incentives for. IOUs should indicate the measure installation date in their data submissions. IOUs should also identify the small percentage of projects which were installed in a separate year than their claim year and provide sufficient documentation supporting the delay in reporting of such projects. The CPUC will decide on these exceptions on a case by case basis.
7. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company must use the guidelines for 2018 ESPI Advice Letters as a template for their 2018 ESPI Advice Letter submissions.
8. Within 30 days of the issuance of the 2018 ESPI guidelines, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a Tier 1 Advice Letter calculating the earning rates and award caps for program year 2017. The submission must include a comprehensive list of the utilities' energy efficiency programs and budget placements in accordance to the 2018 ESPI guidelines.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 14, 2017; the following Commissioners voting favorably thereon:

Resolution 4897

DRAFT

December 14, 2017

PG&E 3880-G/5136-E, SCE 3655-E, SDG&E 3109-E/2606-G, SoCalGas 5182,
PG&E 3880-G-A/5136-E-A/MM5

TIMOTHY J. SULLIVAN
Executive Director